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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **MARCH 31, 1992,**

or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to

Commission file number: 0-19094

OESI POWER CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	88-0225176
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4000 Kruse Way Place Building One, Suite 255 Lake Oswego, Oregon	97035
(Address of principal executive offices)	(Zip Code)

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Q-Data Corp. - St. Petersburg, FL
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(503) 636-9620
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No__

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 8, 1992
Common Stock, $.01 par value	6,402,185 shares

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OESI POWER CORPORATION AND SUBSIDIARIES

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Coopers
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in principal areas of the world

To the Board of Directors and Stockholders
OESI Power Corporation and Subsidiaries
4000 Kruse Way Place
Lake Oswego, OR 97035

We have made a review of the consolidated balance sheet of OESI Power Corporation and Subsidiaries as of March 31, 1992, and the statements of income and cash flows for the three months ended March 31, 1992 and 1991 in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements for them to be in conformity with generally accepted accounting principles.

Coopers & Lybrand

Sacramento, California
May 19, 1992

OESI POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	March 31, 1992 (unaudited)	December 31, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$ 708	$ 1,155
Restricted cash	3,088	3,127
Accounts and other receivables, net	4,482	4,793
Inventory	1,630	1,630
Due from affiliates	2,801	2,854
Construction in progress	70,206	69,430
Notes receivable from affiliates, current portion	2,522	2,499
Recoverable income taxes	2,176	2,176
Other	1,382	752
Total current assets	88,995	88,416
Notes receivable from affiliates, net of current portion	14,966	14,966
Notes receivable, net of current portion	306	306
Due from affiliates	4,818	4,818
Property, plant and equipment, net	128,204	128,634
Deposits and investments	2,292	2,179
Restricted cash	1,855	1,274
Other	2,968	2,982
	$ 244,404	$243,575
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 13,259	$ 16,568
Due to affiliates	8,427	8,828
Notes payable to affiliates, current portion	1,420	670
Notes payable, current portion	65,249	60,171
Direct financing leases, current portion	803	803
Total current liabilities	89,158	87,040
Due to affiliates	3,350	3,350
Deferred income taxes	2,669	2,669
Notes payable to affiliates, net of current portion	17,678	17,643
Notes payable, net of current portion	327	310
Direct financing leases, net of current portion	75,445	75,445
Total liabilities	188,627	186,457
Deferred income	5,011	5,045
Commitments and contingencies (Note 3).		
Redeemable preferred stock	15,800	15,800
Common stockholders' equity:		
Common stock: $.01 par value, 15,000,000 shares authorized, 6,402,185 shares issued and outstanding at March 31, 1992 and December 31, 1991	64	64
Additional paid-in capital	32,661	32,661
Retained earnings	2,241	3,548
Total common stockholders' equity	34,966	36,273
	$ 244,404	$243,575

The accompanying notes are an integral part of t .se financial statements.

OESI POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	1992	1991 (restated)
	(unaudited)	
Revenues:		
Development:		
Affiliates	$ 14	$ 772
Operations:		
Affiliates	630	2,307
Other	4,198	3,231
	4,828	5,538
Interest income:		
Affiliates	142	550
Other	91	143
	233	693
Total revenues	5,075	7,003
Costs and expenses:		
Operations	3,604	4,583
Marketing and administration	1,031	394
Interest	1,203	659
Depreciation and amortization	1,347	912
Total costs and expenses	7,185	6,548
Income (loss) before income taxes and cumulative effect of change in accounting principle	(2,110)	455
Benefit from (provision for) income taxes	802	(173)
Income (loss) before cumulative effect of change in accounting principle	(1,308)	282
Cumulative effect of change in accounting for income taxes	—	300
Net income (loss)	(1,308)	582
Less preferred dividend requirements	237	235
Earnings (loss) applicable to common stock	$ (1,545)	$ 347
Earnings (loss) per common and common equivalent share	$ (.24)	$ .08
Weighted average common and common equivalent shares outstanding	6,402,185	4,310,572

The accompanying notes are an integral part of these financial statements.

OESI POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Three Months Ended March 31,	
	1992	1991 (restated)
	(unaudited)	
Cash flows from operating activities:		
Income (loss) before cumulative effect of change in accounting principle	$ (1,308)	$ 282
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Cumulative effect of change in accounting principle	—	300
Depreciation and amortization	1,347	912
Amortization of deferred income	35	627
Deferred income taxes	—	(300)
Changes in operating assets and liabilities:		
(Increase) decrease in restricted cash	(541)	980
Decrease in accounts and other receivables	311	44
Decrease in inventory	—	433
Decrease in due from affiliates	53	631
Increase in construction in progress	(775)	(16,299)
(Increase) decrease in deposits and investments	(113)	1,336
(Increase) decrease in other assets	(615)	861
Decrease in accounts payable and accrued expenses	(3,305)	(2,672)
Decrease in due to affiliates	(402)	(2,653)
Net cash used in operating activities	(5,313)	(15,518)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,015)	(1,864)
Collection of notes receivable	—	2,912
Net cash provided by (used in) investing activities	(1,015)	1,048
Cash flows from financing activities:		
Proceeds from issuance of debt	7,416	15,299
Repayment of debt	(1,535)	(1,072)
Dividends paid	—	(330)
Net cash provided by financing activities	5,881	13,897
Net decrease in cash and cash equivalents	(447)	(573)
Cash and cash equivalents at beginning of period	1,155	2,223
Cash and cash equivalents at end of period	$ 708	$ 1,650
Supplemental disclosure of cash flow information:		
Cash paid during period for:		
Interest, net of amounts capitalized	$ 756	$ 225
Income taxes	$ —	$ 1,399

The accompanying notes are an integral part of these financial statements.

OESI POWER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. MANAGEMENT'S STATEMENT

In the opinion of Company management, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position and results of operations for the periods shown. These financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 1991.

Certain reclassifications have been made to the December 31, 1991 amounts for comparative purposes, but these have not affected previously reported net income or retained earnings.

The results of operations for the three-month period ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

NOTE 2. COMPUTATION OF EARNINGS PER SHARE

Earnings per common and common equivalent share are computed using the weighted average number of common and common equivalent shares outstanding during the period. Common equivalent shares consist of stock options, which are excluded from the computation if antidilutive. Fully diluted earnings per share did not differ significantly from primary earnings per share in any period.

NOTE 3. CONTINGENCIES

UNCERTAINTIES:

Puna Project

In June 1991, drilling was suspended and drilling permits withdrawn on the Puna project as a result of an uncontrolled flow during drilling of a geothermal well. Although the well was controlled within days, the project has been significantly delayed awaiting the return of the permits. In October 1991, non-drilling related permits were reinstated allowing construction, other than drilling, to continue. On February 28, 1992, the drilling permits were reinstated, and PGV immediately commenced remedial work needed for completion of the well and its testing.

On April 21, 1992, the Third Circuit Court of the State of Hawaii, in response to a lack of rules promulgated by the Hawaii Department of Health ("DOH") regarding certain types of emissions, entered an order staying Puna Geothermal Venture ("PGV") from conducting any activities which would emit hydrogen sulfide into the atmosphere, except safety and remedial measures. The stay order remains in effect until at least May 29, 1992, when another hearing in the case is scheduled. PGV has appealed the decision to the State of Hawaii Supreme Court. The DOH is expected to promulgate regulations governing hydrogen sulfide emissions in June 1992. These regulations should resolve the issues which led to the stay order, and thereby allow PGV to apply for a new permit which, if granted, would allow PGV to resume drilling activities.

In the meantime, the stay order prohibits PGV from conducting the drilling activities necessary to complete the Puna I plant and place it in service. The Company's partner in the project is funding

PGV's cash requirements during the delay.

PGV has a construction loan for the Puna I project from a syndicate of banks for $100 million, which was due January 31, 1992. PGV had drawn $93.4 million as of August 1991. At that time, the lender suspended advances under the loan until the drilling permits for the project were fully reinstated and other conditions were met. As a result of these project completion delays, certain milestone dates outlined in the project's construction financing agreement were not met, thus causing loan provision default. The lenders have not exercised their remedies under the loan agreement and have indicated a willingness to extend the applicable contract dates. Project management is currently negotiating extensions to the construction loan maturity and equity contribution dates and has requested an extension to December 31, 1992, to enable PGV to successfully complete and sell the project. Although the construction loan is secured by the assets of the Puna I project, the loan agreement obligates the Company to fund up to 15% of the principal outstanding (a maximum of $15 million) as additional equity for the project under certain circumstances, which could include the maturing of the principal obligation. Such amount is guaranteed by LFC Financial Corp, a principal stockholder and affiliate of the Company.

The Company's partner in PGV has made certain advances to the Company to cover the Company's share of the Puna I project construction costs. These interest-bearing advances totalled $3.9 million at March 31, 1992. The Company has pledged its stock in two subsidiaries which hold its equity interest in PGV to its partner to secure these advances. Because the advances have not been repaid as scheduled, the Company's partner now has remedies available which may include the right to foreclose on the pledged stock. The Company is currently negotiating with its partner for modification of terms and extension of payment. If the Company fails to satisfactorily conclude negotiations with its partner or make other arrangements for settlement of the advances, and its partner then elects to foreclose on the pledged stock, the Company will lose its equity interest in the Puna I project. Such a foreclosure would have a material adverse effect on results of operations for 1992 and on stockholders' equity.

In a letter dated March 5, 1992, Hawaii Electric Light Company, Inc. informed PGV of its imposition of monetary sanctions pursuant to a related purchase power contract (the "Contract") for non-delivery of electrical capacity. PGV management maintains that the sanctions are without cause because the delay in the delivery of contracted capacity is due to force majeure events as defined in the Contract. If the dispute cannot be resolved by mutual agreement, the Contract provides for arbitration by the Hawaii Public Utilities Commission or by appropriate legal action. The alleged amounts of the sanctions are approximately $2.7 million through mid-May 1992 plus $350,000 monthly until electricity is delivered. Any amounts for sanctions ultimately payable can be satisfied by offset against power sales revenue.

Soda Lake Project

Soda Lake Resources Partnership, in which the Company holds an interest, and Soda Lake Limited Partnership, the lessor of the Soda Lake plant, have experienced a delay in converting construction loans to permanent financing. The lender has issued notices of default but has not made demand for payment or exercised other remedies under the loan agreements. A standstill agreement is being negotiated which would be effective through June 22, 1992. If the current lender extends term financing for the project, such financing may be approximately $11.3 million less than originally anticipated. If term financing is reduced, the lease agreements contain provisions that require a corresponding reduction in lease payments. Accordingly, because the lessor's financing may be reduced, the Company's receivable of $11.3 million related to the construction of this facility may be considered an additional investment in the facility which should be recoverable through lower lease rentals paid by

the Company over the term of the lease. The Company is currently attempting to obtain long-term financing at the original level from another source. There is no assurance that such financing can be obtained.

It is not possible to determine the ultimate outcome of the uncertainties associated with the Puna and Soda Lake projects with any degree of certainty or the range of potential costs that may be involved. Accordingly, no provision for any liability or loss that may result from resolutions of these uncertainties has been made in the accompanying consolidated financial statements.

OTHER LITIGATION:

The Company is a defendant in other legal proceedings arising in the ordinary course of business. Although the amount of ultimate exposure, if any, cannot be determined at this time, based on facts available, management does not expect the final outcome of these matters to have a material adverse effect on the Company's financial position.

NOTE 4. INCOME TAXES

Effective January 1, 1991, the Company has retroactively adopted Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," which requires an asset and liability approach in accounting for income taxes. Under the new accounting method, deferred tax liabilities and assets are recognized for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized. A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the current year. The cumulative effect, as of January, 1, 1991, of this change in accounting principle amounted to $300,000 and $.07 per share for the quarter ended March 31, 1991. The financial statements at March 31, 1991 have been restated to reflect the cumulative effect of this change.

NOTE 5. NOTES PAYABLE

In January 1992, the Company entered into a revolving credit agreement with a major domestic bank to provide funds for project development, equity investments in new or existing projects and for general corporate purposes. There is a maximum amount of $25 million potentially available to the Company under the agreement; amounts available for borrowing under the agreement are limited by a borrowing base formula which is tied to cash flows from completed geothermal projects. The Company initially borrowed $5.7 million under the agreement. In May 1992, the Ormesa IE plant entered the borrowing base and the Company borrowed an additional $2 million. The funds were used for repayment of debt and working capital. The Company is currently not in compliance with certain of the credit agreement covenants. As a result, the lender has remedies under which it may make all borrowings immediately due and payable and may use certain pledged revenues of the Company to satisfy the debt. The Company is currently negotiating a waiver of these covenants with the lender. Accordingly, these borrowings, which would otherwise be classified as long-term debt, are reflected as current liabilities in the March 31, 1992 balance sheet.

NOTE 6. SUBSEQUENT EVENTS

The Company has outstanding borrowings of $1.7 million from a bank. Under the terms of the loan agreement, a repayment of $1 million was due on May 18, 1992. Such payment was not made while

the Company is negotiating repayment terms with the lender.

On May 15, 1992, the Company received default notifications from the Stillwater project lender as a result of certain liens being filed against the project. The liens were initiated by vendors who performed work for the Company at the Stillwater facility. The project lender, who is also the lender for the Ormesa IE Expansion project, had agreed that the Stillwater work was to be paid from the closing and funding of the Ormesa IE Expansion project. However, the lender has not been willing to fund the Ormesa IE Expansion project and, as a result, the Stillwater vendors have not been paid. The Company cannot predict the ultimate outcome of this issue.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

REVENUES

Development and operations revenues for the three-month periods ended March 31, 1992 and 1991, were comprised of (dollars in thousands):

	Three Months Ended March 31,	
	1992	1991
Development Revenues:		
Puna I	$ —	$ 662
Amortization of deferred revenue	34	110
Other	(20)	—
	$ 14	$ 772
Operations Revenues:		
Sales of electricity	$ 4,187	$ 2,708
Fluid sales	253	972
Operating services	72	84
Warranty revenues	—	1,079
Parts sales	—	485
Other	316	210
	$ 4,828	$ 5,538

Sales of electricity for the three months ended March 31, 1992 increased over the comparable period of 1991 principally as a result of increased sales from the Soda Lake plant, where Soda Lake 2 was placed in commercial operation in August 1991.

Fluid sales decreased for the quarter ended March 31, 1992 from the comparable quarter in 1991 as the result of a decrease in the fluid fees recognized for the Ormesa IE and IH plants. Although the Company continues to supply fluid to these facilities, and the facilities are obligated for payment, revenue may be deferred and recognized based on available cash flows as defined in the agreements.

Certain non-recurring warranty and parts sales revenues were recorded in the first quarter of 1991. These transactions have associated costs recorded in operations expense, so they have no significant effect on income before taxes.

COSTS AND EXPENSES

Operations expenses decreased in the three-month period ended March 31, 1992 from the comparable period of 1991 primarily as a result of the Company incurring certain warranty and parts costs in 1991 which were not incurred in 1992. See "Revenues" above for a discussion of warranty and parts transactions in 1991. This decrease was partially offset by an increase in operating and maintenance costs for the Soda Lake facility, where Soda Lake 2 was placed in commercial operation in August 1991.

Marketing and administration expenses increased in 1992 over 1991 principally due to the costs associated with the move to Portland Oregon and the Company's acquisition of a 20% interest in LFC Power Systems Corporation in 1991. Overhead expenses are expected to decrease in the second half of 1992 because the Sparks Nevada office will be closed and several positions will be eliminated. Additional outside services expenses, primarily related to the cost of doing business as a public company, also contributed to the increase in marketing and administration expenses in 1992.

Interest expense increased in the quarter ended March 31, 1992 over the comparable quarter in 1991 as the result of a decrease in the amount of interest capitalized. This reflects the decline in the level of development and construction activity from 1991 to 1992.

Depreciation and amortization expense increased in the first quarter of 1992 over the comparable quarter of 1991 as a result of placing the Soda Lake 2 plant and field in commercial operation in August 1991.

LIQUIDITY AND CAPITAL RESOURCES

As described below, certain issues have caused delays in the scheduled completion of two projects. Because of these project delays, the Company is not in compliance with the repayment terms of certain construction and other project financing agreements, its revolving credit agreement and a bank loan agreement. In addition, certain lawsuits, claims and assertions related to one of these projects have been brought against the Company and may cause further project completion delays, asset impairment or additional liabilities. See ITEM 1 – "LEGAL PROCEEDINGS." At this time the Company cannot predict the ultimate effect, if any, that may result from an adverse outcome of any of these issues. Accordingly, no provision for any liability or loss that may result from a resolution of these delays and contingencies has been made in the accompanying consolidated financial statements.

On April 21, 1992, the Third Circuit Court of the State of Hawaii, in response to a lack of rules promulgated by the Hawaii Department of Health ("DOH") regarding certain types of emissions, entered an order staying Puna Geothermal Venture ("PGV") from conducting any activities which would emit hydrogen sulfide into the atmosphere, except safety and remedial measures. The stay order remains in effect until at least May 29, 1992, when another hearing in the case is scheduled. PGV has appealed the decision to the State of Hawaii Supreme Court. The DOH is expected to promulgate regulations governing hydrogen sulfide emissions in June 1992. These regulations should resolve the issues which led to the stay order, and thereby allow PGV to apply for a new permit which, if granted, would allow PGV to resume drilling activities.

In the meantime, the stay order prohibits PGV from conducting the drilling activities necessary to complete the Puna I plant and place it in service. The Company's partner in the project is funding

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In a letter dated March 5, 1992, Hawaii Electric Light Company, Inc. informed PGV of its imposition of monetary sanctions pursuant to a related purchase power contract (the "Contract") for non-delivery of electrical capacity. PGV management maintains that the sanctions are without cause because the delay in the delivery of contracted capacity is due to force majeure events as defined in the Contract. If the dispute cannot be resolved by mutual agreement, the Contract provides for arbitration by the Hawaii Public Utilities Commission or by appropriate legal action. The alleged amounts of the sanctions are approximately $2.7 million through mid-May 1992 plus $350,000 monthly until electricity is delivered. Any amounts for sanctions ultimately payable can be satisfied by offset against power sales revenue.

Soda Lake Resources Partnership, in which the Company holds an interest, and Soda Lake Limited Partnership, the lessor of the Soda Lake plant, have experienced a delay in converting construction loans to permanent financing. The lender has issued a notice of default but has not made demand for payment or exercised other remedies under the loan agreements. A standstill agreement is being negotiated which would be effective through June 22, 1992. If the current lender extends term financing for the project, such financing may be approximately $11.3 million less than originally anticipated. If term financing is reduced, the lease agreements contain provisions that require a corresponding reduction in lease payments. Accordingly, because the lessor's financing may be reduced, the Company's receivable of $11.3 million related to the construction of this facility may be considered an additional investment in the facility which should be recoverable through lower lease rentals paid by the Company over the term of the lease. The Company is currently attempting to obtain long-term financing at the original level

from another source. There is no assurance that such financing can be obtained.

In January 1992, the Company entered into a revolving credit agreement with a major domestic bank to provide funds for project development, equity investments in new or existing projects and for general corporate purposes. There is a maximum amount of $25 million potentially available to the Company under the agreement; amounts available for borrowing under the agreement are limited by a borrowing base formula which is tied to cash flows from completed geothermal projects. The Company initially borrowed $5.7 million under the agreement. In May 1992, the Ormesa IE plant entered the borrowing base and the Company borrowed an additional $2 million. The funds were used for repayment of debt and working capital. The Company is currently not in compliance with certain of the credit agreement covenants. As a result, the lender has remedies under which it may make all borrowings immediately due and payable and may use certain pledged revenues of the Company to satisfy the debt. The Company is currently negotiating a waiver of these covenants with the lender.

The Company has outstanding borrowings of $1.75 million from a bank. Under the terms of the loan agreement, a repayment of $1 million was due on May 18, 1992. Such payment was not made while the Company is negotiating repayment terms with the lender.

On May 15, 1992, the Company received default notification from the Stillwater project lender as a result of certain liens being filed against the project. The liens were initiated by vendors who performed work for the Company at the Stillwater facility. The project lender, who is also the lender for the Ormesa IE Expansion project, had agreed that the Stillwater work was to be paid from the closing and funding of the Ormesa IE Expansion project. However, the lender has not been willing to fund the Ormesa IE Expansion project and, as a result, the Stillwater vendors have not been paid. The Company cannot predict the ultimate outcome of this issue.

PART II

ITEM 1. LEGAL PROCEEDINGS

Puna Geothermal Venture ("PGV"), a partnership in which subsidiaries of the Company are partners, is a defendant in a suit brought by the Pele Defense Fund ("PDF") and certain individuals challenging the Authority to Construct ("ATC") permits issued to PGV by the State of Hawaii Department of Health (the "DOH") in connection with the development of the geothermal field and construction of the Puna I power plant. A suit was filed March 7, 1990 in the Third Circuit Court for the State of Hawaii, alleging that the DOH issued the permits in violation of the state's laws on air pollution controls, the DOH air pollution regulations and the constitutional rights of the plaintiffs. The plaintiffs asked that the permits be declared null and void and any further activity under the permits be enjoined. This case had not been actively pursued by the plaintiffs until March 1992. On March 18, 1992, the state Supreme Court ruled in a case involving the DOH's issuance of an ATC permit to another geothermal company that, because of the absence of DOH rules regarding certain types of emissions, the ATC permits should not have been issued for this other project. In that case, the Court also requested the DOH to promulgate permanent regulations governing certain stated emissions. Subsequently, the plaintiffs to the PGV lawsuit requested the Circuit Court on March 27, 1992 to enjoin PGV by filing a Temporary Restraining Order ("TRO") and to issue a summary judgment ruling that PGV's ATC permits are null and void. On April 6, 1992, the Court granted the TRO which was subsequently converted to a stay order. The stay order prevents PGV from engaging in any drilling activities which may result in the release of hydrogen sulfide gas into the atmosphere until further order of the Court or until the DOH promulgates the required regulations and PGV obtains a new permit under such regulations. A further hearing on contested issues is scheduled for May 29, 1992. PGV will request at the May 29 hearing that the stay order be lifted.

In the meantime, the DOH has published a notice of its intent to promulgate specific regulations governing hydrogen sulfide. The DOH has indicated that it expects these regulations to correct the alleged deficiency in the ATC permitting process which was addressed in the Supreme Court case. The new rules are expected to become effective in June 1992 and would allow PGV to apply for a new permit. The stay order will automatically terminate upon PGV receiving a permit under the new regulations.

PGV prevailed at the trial court level against motions for preliminary and permanent injunctions and a complaint for declaratory judgment brought by PDF and certain individual plaintiffs in September 1990. The plaintiffs argued that the Puna I facility would violate state noise pollution laws and that certain conditions of the geothermal resource permit (the "GRP") were not complied with. PDF appealed the dismissal of its complaint to the state Supreme Court in December 1990. The case was transferred to the state Intermediate Court of Appeals and on March 31, 1992, the Intermediate Court entered a judgment dismissing with prejudice two of the plaintiffs' three claims, and remanding the third claim for further action. In the third claim, plaintiffs do not attack the validity of the GRP, but instead assert that building permits for the Puna I facility were invalidly issued because of a failure to meet conditions of the GRP. Since construction of the power plant is virtually complete, the Company cannot predict what remedy might be granted in the event of an eventual adverse ruling and, therefore, cannot predict the impact of such a ruling on the project.

ITEM 5. OTHER INFORMATION

Federal regulations restrict the ownership, among other things, of the Company's facilities by certain electric utilities or electric utility holding companies and affiliates of either, if the facilities are to be considered Qualifying Facilities under the Public Utility Regulatory Policies Act. All the Company's current facilities are, and all its future power projects will be, designed to be Qualifying Facilities or their regulatory equivalent. As a result, the Company's Certificate of Incorporation prohibits ownership of its common stock by certain electric utilities or electric utility holding companies, including affiliates of either, by providing that any attempted sale, transfer, assignment, conveyance or pledge of the Company's common stock to such an entity is void. No transfer to such an entity will be recorded and the entity will not be recognized as a holder of the Company's common stock. The Company will be deemed to be appointed attorney-in-fact for such intended transferor and transferee with full power to sell the affected shares of common stock on behalf of such parties. In addition, the Company's Certificate of Incorporation provides that if a stockholder becomes such an entity, each share held by such stockholder will automatically and immediately convert into nonvoting redeemable preferred stock. Such preferred stock is not entitled to receive dividends and may be redeemed by the Company at the closing sale price on the date such preferred stock comes into existence or is redeemed (whichever is lesser).

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits filed with this Form 10-Q:

None

(b) Reports on Form 8-K:

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OESI Power Corporation
(Registrant)

Date: May 19, 1992

By: _____
James W. Porter, Jr.
Chief Executive Officer

Date: May 19, 1992

By: _____
Robert C. Anderson, Jr.
Vice President
Chief Financial Officer